GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:901
ANSWERED ON:28.11.2006
FOREIGN ENTREPRENEURS INVESTMENT IN INDIA
Karunakaran Shri P.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government imposed any restriction on foreign entrepreneurs to invest in India;

(b) if so, the details thereof alongwith the reasons therefore; and

(c) the number of entrepreneurs whose request for investment in India were turned down during the last three years?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a) & (b): As per Regulation 5(1) of Foreign Exchange Management Act (FEMA) Regulations, 20/2000-RB dated 3-5-2000 as amended, a person resident outside India (other than a citizen of Bangladesh or Pakistan) or an entity outside India, whether incorporated or not, (other than an entity in Bangladesh or Pakistan), may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment (FDI) Scheme, subject to the terms and conditions specified in FDI Scheme. Government has put in place a liberal and investor-friendly policy on Foreign Direct Investment (FDI) under which FDI up to 100% is permitted on the automatic route in most sectors / activities. Sectors attracting FDI caps are detailed in Press Note 4(2006 Series) which is Annexed.

(c): Data on proposals turned down is not centrally maintained.